

THE IMPACT OF PROACTIVE CORPORATE SOCIAL RESPONSIBILITY STRATEGY ON COMPETITIVE ADVANTAGES

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ABSTRACT

The paper discusses the typology of corporate social responsibility strategies (CSR), depending on the degree of response to stakeholders' requests. It has been determined that proactive CSR strategy includes voluntary business initiatives going beyond legislation limits and being aimed at meeting the needs of a wide range of stakeholders. It has been proved that the use of the proactive CSR strategy ensures achievement and support of long-term competitive advantages through the complex of value-oriented actions. The mechanism of influence of proactive socially responsible practices on the formation of competitive advantages from the standpoint of resource-based, dynamic resource-based and relational view has been considered. It has been proved that within the framework of relational view the success of the companies' proactive actions towards stakeholders can be explained by the relational potential growth. The economic, social and environmental aspects of proactive CSR strategy have been described.

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Introduction. In present conditions corporate entities are under increasing pressure from the business environment which forces them to implement a variety of practices in the field of corporate social responsibility (CSR). Basically the initiation of such measures is dictated by the need to comply with regulatory norms but more and more actors go beyond the framework and recourse for action to meet the needs of a wide range of stakeholders, to ensure competitiveness and sustainable economic development. Business initiatives going beyond the legislation and being implemented on a voluntary basis are in line with the proactive type of CSR strategy.

Issues of CSR strategic management are widely covered in works of many scholars including A.B. Carroll, B.W. Husted, A. McWilliams, M. Orlitzky, D. Siegel, J. d. J. Salazar, D.L. Swanson [1-4] etc. However in this area of research which is becoming more and more important the problem of CSR effective implementation through integrated proactive strategies and determining their impact on the corporate entities' competitiveness remains unsolved.

Purpose of the study: to find out the influence of CSR proactive strategy on the level of competitiveness of economic entities through activation of interaction with stakeholders.

Research results. Morsing i Schultz [5] proposed three models of communication strategies with stakeholders:

1. Information strategy - the main strategic task of management is to inform stakeholders about favorable corporate decisions and actions. The CSR focus is determined by top management, and stakeholders can either support responsible initiatives with their loyalty and consumption habits or resist them through boycotting.

2. Response strategy means demonstrating to stakeholders how the company integrates their inquiries into own activities. At the same time the company supports bilateral asymmetric communication with stakeholders, explores feedback through public opinion polling, dialogue, and so on.

3. The involvement strategy supports a systematic, mutually beneficial and proactive dialogue with stakeholders who are directly involved in the discussion and offer CSR measures.

Consequently the most advanced communication strategy is focused on building mutually beneficial relationships with stakeholders through constant symmetric communication. By engaging in dialogue with stakeholders, the company becomes a voluntary subject of changes regarding the development of CSR activities, when this is necessary, indicating the proactive nature of strategic actions.

In his classical scientific work Carroll [1] considers CSR through a four-sided, comprehensive typology of economic, legal, ethical and discretionary responsibilities. In accordance with the

indicated CSR levels and depending on the degree of reaction to the requests of stakeholders the scientist identified four types of CSR strategies: reactive, protective, accommodation (adaptive), proactive. Various forms of response within each strategy include:

1. Reactive - the company abandons all types of CSR and does not implement what stakeholders expect. Application of this strategy often leads to dangerous consequences and negative events occurring in society.

2. Protective - adopts the idea of CSR, but defines and implements only the minimum number of stakeholder requests. This strategy is often used by companies that define CSR as unnecessary and costly in their work.

3. Accommodative (adaptive) - management implements CSR principles in the company's activities and tries to carry out what is expected by stakeholders. Socially responsible practices meet the standardized ethical codes.

4. Proactive - an integrative type of strategy when company predicts the requirements and expectations of stakeholders, defines goals and implements actions that go beyond required by participants.

In order to implement a proactive strategy community involvement is expected when corporate management and strategic stakeholders regularly take part in the formation of socially responsible policies to determine the best direction for all aspects of development.

The use of CSR proactive strategy is considered as a complex of value-oriented actions through which the achievement and maintenance of competitive advantages is ensured. Resource-based view (RBV) explains the mechanism of influence of proactive CSR on the formation of competitive advantages. Proactive stakeholder management involving the acquisition of unique resources as well as their integration and subsequent implementation in the company's activity, forming the basis for value creation is the source of their origin [6, 7]. When a company has motives for value creation there are two ways to get benefits of managing stakeholder relationships, either aggressively affect the stakeholder expectations or respond to their demands for greater opportunities for a win-win situation [8].

Resource-based view states the company's resources stem from the organizational capabilities providing basis for the successful strategy formation. To implement a proactive CSR strategy the following organizational capabilities are used: shared vision, stakeholder management and strategic proactiveness [6].

Shared vision embodies collective goals and shared responsibility for achieving them which allows to integrate CSR principles into business activities. Companies successfully developing shared vision can accumulate and use resources and skills needed to develop proactive CSR faster by engaging employees in socially responsible initiatives.

According to Freeman [9] stakeholder theory sees the company as a series of relationships with stakeholders. Through managing relationships it can achieve a competitive advantage. Stakeholder management capabilities are related to the establishment of cooperative, mutually beneficial relationships with different stakeholders, even those with conflicting goals and priorities. The proactive type of CSR strategy is often chosen by companies that in the process of establishing corporate goals rely on the interests of a wide range of stakeholders rather than on their narrow groups, which allows them to effectively manage and reduce the severity of CSR issues.

Strategic proactivity is seen as a tendency for firms to initiate changes in various strategic policies, and not just react to events [6]. Companies that develop strategic proactive capabilities are often actively involved in CSR-driven innovation, which accelerates the process of generating competitive advantages.

Dynamic resource-based-view (DRBV) focuses on dynamic opportunities, including models and processes for the formation of various bundles of key resources that contribute to the creation of strategic capabilities within networks [10]. The success of proactive strategic actions from the perspective of a dynamic resource-based-view can be explained by the deployment of specific dynamic capabilities that enable organizations to respond to inquiries or change their methods in managing relationships with stakeholders when stakeholders' requirements and organization's expectations become more and more complex and active. In the case of a dynamic environmental change, proactive strategic management plays a key role in ensuring adaptation to such changes through the integration and restructuring of internal and external organizational resources.

Relational view (RV) is based on the thesis that relationships between subjects generate relative rents which are the important means of creating economic value. The founders of this approach D. Dyer and H. Singh define the relationship rent as "supernormal profit jointly generated in

an exchange relationship that cannot be generated by either firm in isolation and can only be created through exclusive joint contributions of specific alliance partners" [11].

Principles of the resource-based and relational view form a unified basis for understanding the source of value creation while ensuring the company's interaction with stakeholder groups, since stakeholder relations themselves are recognized as an important strategic resource. According to the author's view, the latter contributes to formation and development of a special kind of potential for which a new economic category "relational potential" is proposed. Relational potential is the enterprise's ability to benefit from the effective use of relational assets, based on the system of relationships between the enterprise and stakeholder groups, which contributes to the growth of its competitive advantages [12].

The growth of relational potential is a motive for business entities to carry out leading strategic actions regarding stakeholders and ensures the success of such actions.

The following areas of the proactive CSR strategy are distinguished:

1. Economic direction that affects the following areas: customer satisfaction, product quality and safety, supply chain management. Strengthening and deepening interactions with customers, suppliers and other stakeholders in the market affects the quality of business processes and contributes to the growth of the company's market opportunities.

2. Social aspect is primarily concerned with the impact on such categories of stakeholders as employees and local community and is therefore aimed at supporting the health and safety of staff, ensuring their training and development and involving local community in social dialogue.

3. Environmental aspect focuses on environmental innovations, efficiency and environmental pollution prevention. Proactive CSR is often associated with the implementation of international environmental management systems (ISO 14001) or systems of total quality management (TQM), which increase the level of trust of external stakeholders and ensure involvement of internal stakeholders with the principles of environmental protection.

Specified areas of proactive CSR strategy can intermingle and complement each other, that enhances the integration effect of their implementation. Currently, there is a tendency towards environmentally and socially responsible consumption, which extends the boundaries of the economic CSR impact and supplements it with environmental and social aspects. According to this trend, consumers want either additionally pay for socially and environmentally friendly products, or ignore and boycott products and companies with low CSR level [13]. Value chain partners may also refuse to cooperate with such companies to protect their reputation.

Implementation of value-oriented environmental initiatives requires comprehensive support from employees. In turn, socially oriented CSR measures that include training and development programs for employees can have an impact on environmentally-oriented CSR strategy by raising staff awareness relative to environmental protection and management skills in environmental management. The above mentioned suggests complementarity of environmental and social aspects of proactive CSR strategy. Complementary environmental responsible practices that can lead to innovations reducing cost of a product and improving value proposition provided to consumers is the impetus for the economically directed CSR strategy [14].

In determining the priority aspects of the proactive CSR strategy, it is necessary to focus on the interests and needs of key stakeholder groups to formulate strategic objectives, taking into account their values and long-term goals. Simultaneous support to all areas of the proactive CSR strategy (economic, social and environmental) reduces the risks of business entities and lays the foundations for strengthening their competitiveness.

Conclusions.

1. Based on the classification of CSR strategies depending on responding to stakeholder requests the proactive type of CSR strategy is selected, which is considered as a set of strategic measures that go beyond the legal framework and include active actions to meet the needs of a wide range of stakeholders.

2. The proactive CSR strategy ensures the formation of competitive advantages and sustainable economic development through a set of actions aimed at creating value. The source of value generation in stakeholder management is explained by the resource-based, dynamic resource-based and relationship view.

3. There are economic, social and environmental trends of the proactive CSR strategy. Complementary socially responsible practices reduce risks and provide long-term competitiveness of business entities.

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